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Political Ads Off Limits, Goldman Promises

By **JAVIER C. HERNANDEZ**

Facing pressure from critics of Wall Street to limit its role in elections, **Goldman Sachs** has pledged not to spend any of its vast corporate reserves on political advertising.

The move was an unexpected sign of restraint [after a major Supreme Court ruling this year](#) that gave corporations the power to devote unlimited amounts to electing or defeating candidates for federal office.

The investment bank quietly revised [its statement](#) on political activities on its Web site last week, adding a sentence addressing the powers that were granted under the Supreme Court decision in January, known as [Citizens United v. Federal Election Commission](#). “Goldman Sachs also does not spend corporate funds directly on electioneering communications,” the firm said in its statement. Those communications are generally interpreted to mean advertisements on radio and television broadcasts in the run-up to an election.

The decision came after weeks of talks with the New York City public advocate, [Bill de Blasio](#), who has lobbied for greater transparency from companies seeking to sway the outcome of elections.

The investment bank, not usually known as an ally of grass-roots causes, declined to comment on its position.

Mr. de Blasio hailed Goldman’s pledge as game-changing and, given the firm’s stature, he said, it could prompt other companies to follow suit.

“This could be one of those moments that determines whether we are going to have a political system literally dominated by corporate money, or some ability by the people at the grass roots to determine the outcome of elections,” Mr. de Blasio said.

Critics of the Citizens United decision, including [President Obama](#), said it would allow corporations to drown out competing messages and corrupt the political system. But the Supreme Court said in its 5-to-4 decision that it was upholding a central tenet of the Constitution: the right to free speech by anyone, including corporations.

Federal law prohibits corporations from donating directly to candidates for federal office, but, the court decision said, they may pay for advertisements supporting or opposing them. Goldman employees may make personal contributions, but the firm requires that they first submit them for approval.

Campaign finance experts said companies like Goldman still had other means of exerting political influence.

Goldman, like many large companies, operates political action committees at the state and national levels that could raise money for the purpose of influencing political races. In addition, companies are free to spend money to advocate positions on specific issues, like health care, gun control or [financial regulation](#).

“This doesn’t mean they are disarmed,” said Richard Briffault, a law professor at [Columbia University](#) who specializes in campaign finance.

Lawrence A. Mandelker, a New York lawyer who specializes in campaign finance law, said Goldman’s position might persuade other businesses to abstain from political spending.

“It’s a precedent that can be cited to other companies, suggesting that they too decide not to exercise the right to spend unlimited amounts,” he said.

Some corporations have already started taking advantage of the new powers afforded by the Supreme Court. Target, for instance, recently donated \$150,000 to a group that is running ads in support of a Republican candidate for governor in Minnesota who opposes gay marriage. Employees and gay rights advocates have criticized the donation.

Indeed, entering the political sphere comes with certain costs, including the potential for backlash from investors, the public and politicians.

Mr. Briffault said that some companies might be put off by those dangers, and that others might not be willing to tolerate the intense back-room lobbying for their support.

“It’s not clear that corporations are going to be zooming to take advantage of this,” he said.